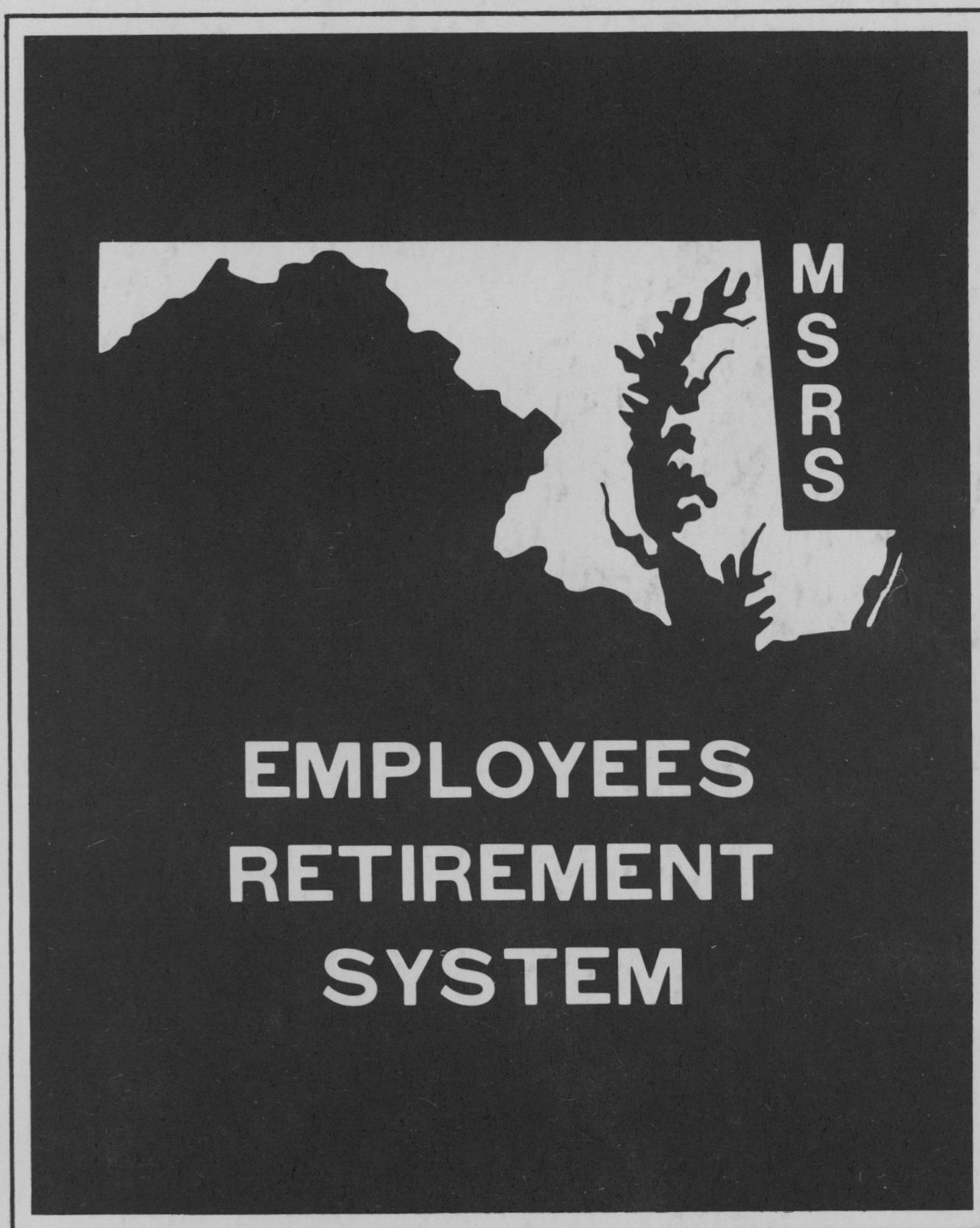


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[38th]

# **1979 ANNUAL REPORT**



EMPLOYEES' RETIREMENT SYSTEM OF THE  
STATE OF MARYLAND

Board of Trustees

Louis L. Goldstein, Chairman

Thomas W. Schmidt

Louis N. Phipps

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Robert L. Serviss

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Christ G. Christis, Assistant Secretary of Personnel

Lawrence J. Bach, Administrator

Howard J. France, Investment Administrator

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Medical Board

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Clewell Howell, M.D.

John J. Fahey, M.D.

---

George B. Buck, Consulting Actuary

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OFFICE OF RETIREMENT SYSTEM

301 West Preston Street

Baltimore, Maryland 21201







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BOARD OF TRUSTEES  
EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF MARYLAND

301 W. Preston Street, Baltimore, Maryland 21201

March 1, 1980

The Honorable Harry Hughes  
Governor of the State of Maryland  
Annapolis, Maryland

Dear Sir:

The Employees' Retirement System of the State of Maryland, established in accordance with Chapter 377 of the Laws of 1941, completed its thirty-eighth year of operation on June 30, 1979. In accordance with provisions of Section 12, Subsection (11) of Article 73B of the Annotated Code of Maryland, The Board has the honor to submit herewith its Thirty-eighth Annual Report.

Respectfully submitted,

Board of Trustees of the  
Employees' Retirement System  
of the State of Maryland

CHRIST G. CHRISTIS

Secretary







# **ACTUARIAL CERTIFICATION**



LAHALLER

LAHALLER



**George B. Buck Consulting Actuaries, Inc.**  
Two Pennsylvania Plaza, New York, New York 10001  
Telephone 212 | 279 4400

December 20, 1979

**BUCK  
CONSULTANTS**

Board of Trustees  
Employees' Retirement System of the  
State of Maryland  
301 West Preston Street  
Baltimore, Maryland 21201

Ladies and Gentlemen:

Subsection (17) of Section 12 of the law governing the operation of the Employees' Retirement System of the State of Maryland provides that the actuary shall make an annual valuation of the assets and liabilities of the funds of the system. We have the honor to submit herewith the results of the thirty-eighth valuation as of June 30, 1979 made in accordance with this provision of the law.

The actuarial assumptions used in the valuation are, in the aggregate, reasonable, and represent our best estimate of anticipated experience under the system. The actuarial cost method utilized is basically the frozen initial liability method. This cost method is specifically recognized as an acceptable method by the Employee Retirement Income Security Act of 1974. The current assets applicable to the System were supplied by the Retirement System office. They are valued under the five-year moving average of unit market values method.

In our opinion, the Schedule of Valuation Results appended to this report correctly presents the condition of the Employees' Retirement System of the State of Maryland as to those benefits which are funded on an actuarial reserve basis.

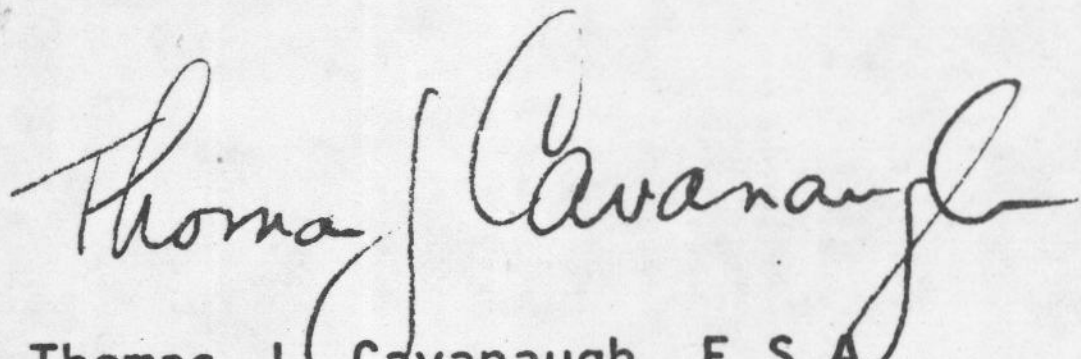
The recommended employer normal contribution rates are 6.21 per cent of payroll for municipalities and 5.39 per cent of payroll for the State. The recommended State accrued liability contribution rate is 1.47 per cent of payroll. Separate annual accrued liability contributions were recommended for payment by the municipalities.



The results of the valuation indicate that the recommended rates of employer contribution together with future contributions by members and the assets currently available are adequate to fund the actuarial liabilities on account of all benefits under the system except the current additional pension and post-retirement consumer price index increases. The liquidation period for the State's unfunded accrued liability is 33 years from June 30, 1979. The municipalities are to fund their accrued liabilities over a 30 year period from July 1, 1973 or date of participation, if later, or over a shorter period if they so elect. The additional pension and post-retirement consumer price index increases are currently being met on a pay-as-you-go or cash disbursement basis.

Very truly yours,

GEORGE B. BUCK CONSULTING ACTUARIES, INC.

A handwritten signature in cursive script, reading "Thomas J. Cavanaugh". The signature is written in dark ink and is positioned above the printed name and title.

Thomas J. Cavanaugh, F.S.A.  
Associate Consulting Actuary



REPORT OF THE ACTUARY ON THE THIRTY-EIGHTH ANNUAL VALUATION OF  
THE EMPLOYEES' RETIREMENT SYSTEM OF  
THE STATE OF MARYLAND  
AS OF JUNE 30, 1979

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

<u>Valuation Date</u>	<u>6/30/79</u>	<u>6/30/78</u>
Number of active members:		
Men	35,953	35,674
Women	41,505	40,255
Total	77,458	75,929
Annual salaries of active members during year:		
Men	\$ 492,568,195	\$ 461,347,756
Women	436,549,584	399,968,358
Total	\$ 929,117,779	\$ 861,316,114
Number of vested deferred cases	401	310
Number of retired members and beneficiaries	12,349	11,165
Annual retirement allowances*	\$ 29,804,580	\$ 25,983,912
Assets for valuation purposes	\$ 769,089,520	\$ 725,834,512
Normal contribution as per cent of payroll:		
State	5.39%	5.29%
Municipalities	6.21%	5.12%
Unfunded accrued liability:		
State	\$ 178,171,405	\$ 115,504,180
Municipalities	13,772,014	13,639,131
Total	\$ 191,943,419	\$ 129,143,311
State unfunded accrued liability contribution as per cent of payroll	1.47%	1.01%
Unfunded accrued liability liquidation period (years)	33	34

\*Does not include the additional pension (guarantee) or consumer price index increases.



2. Comments on the valuation results as of June 30, 1979 are given in Section IV and further discussion of the contribution levels is set out in Section V.
3. Schedule B of this report outlines the full set of actuarial assumptions and methods employed. The provisions of the system are summarized in Schedule C.

#### SECTION II - MEMBERSHIP DATA

1. In order to obtain the aggregate liabilities and assets on account of members of the system as of June 30, 1979, data were needed with respect to each active member and beneficiary of the system and also with respect to terminations during the valuation year. The data with respect to both active and terminated members and beneficiaries were furnished to the actuary by the Retirement System office on a magnetic tape.
2. From the data, tabulations were made showing as of June 30, 1979 the number and salaries of members classified by age and years of service and the number and retirement allowances of beneficiaries on the roll as of June 30, 1979 classified by age. These tabulations are presented in Schedule D.
3. The following table shows the number of members of the Retirement System together with the annual salaries as of June 30, 1979.



TABLE I

ACTIVE MEMBERSHIP OF THE EMPLOYEES' RETIREMENT SYSTEM OF  
THE STATE OF MARYLAND  
AS OF JUNE 30, 1979

GROUP	NUMBER	ANNUAL SALARIES
Men	35,953	\$ 492,568,195
Women	41,505	436,549,584
Total	77,458	\$ 929,117,779
Subtotal for State Employees*	57,906	\$ 734,686,862
Subtotal for Employees of Municipalities	19,552	\$ 194,430,917

\*In addition 164 active members of the General Assembly with annual salaries of \$2,627,000 and 54 former members eligible for deferred retirement allowances who are covered under the special provisions for members of the General Assembly were included in the calculations.

Included in the above table are 1,110 correctional officers with annual salaries of \$16,723,411 who were valued for the liberalized benefits.

4. The following table shows the number and annual amount of retirement allowances of beneficiaries on the roll as of June 30, 1979, classified by sex and cause of retirement. The allowances shown do not include the additional pension (guarantee) or consumer price index increases, both of which are met on a cash disbursement basis.



TABLE II

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF  
BENEFICIARIES ON THE ROLL AS OF JUNE 30, 1979

GROUP	NUMBER	ANNUITIES	PENSIONS	TOTAL RETIREMENT ALLOWANCES
Retired on October 1, 1941 and after:				
Service Retirements:				
Men	5,098	\$ 3,810,636	\$ 10,123,296	\$ 13,933,932
Women	4,598	2,675,520	6,780,312	9,455,832
Total	9,696	\$ 6,486,156	\$ 16,903,608	\$ 23,389,764
Ordinary and Accidental: Disability Retirements:				
Men	974	\$ 495,552	\$ 2,529,816	\$ 3,025,368
Women	749	331,884	1,462,368	1,794,252
Total	1,723	\$ 827,436	\$ 3,992,184	\$ 4,819,620
Beneficiaries of De- ceased Members and Pensioners:				
Men	35	\$ 12,828	\$ 32,712	\$ 45,540
Women	893	401,484	1,146,792	1,548,276
Total	928	\$ 414,312	\$ 1,179,504	\$ 1,593,816
Retired Prior to October 1, 1941:				
Men	2	\$ -0-	\$ 1,380	\$ 1,380
Women	0	-0-	-0-	-0-
Total	2	\$ -0-	\$ 1,380	\$ 1,380
Grand Total	12,349	\$ 7,727,904	\$ 22,076,676	\$ 29,804,580

In addition there were 347 deferred retirements included in the valuation.



### SECTION III - ASSETS

1. The amount of the assets taken into account in this valuation is a five-year moving average of unit market values and is based principally on information reported by the Trustees.
2. For actuarial purposes, the assets were calculated to be equal to \$769,098,520 as of June 30, 1979 based on a five-year moving average of unit market values. In the previous valuation the value of the assets was \$725,834,512 as of June 30, 1978 based on original cost plus an adjustment for deferral of bond losses.
3. Under the five-year moving average of unit market values method an artificial unit value is established as a starting point, and based on that value the starting number of units determined. The increase in the number of units is determined by converting the net cash flow, excluding realized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into market value of the fund to determine the new unit value. The average unit value since 1976 is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. Each valuation will add one unit value to the average until five such values are being used. Thereafter, the newest unit value will be added and the oldest dropped to maintain five unit values in the average.

### SECTION IV - COMMENTS ON VALUATION

Schedule A of this report contains the results of the valuation which show present and prospective assets and liabilities of the system as of June 30, 1979. The following comments on the valuation are pertinent:



The schedule shows that the system has actuarial liabilities of \$1,705,783,672, of which \$297,399,565 is for the prospective benefits payable on account of present retired members and beneficiaries, \$8,247,479 is for the prospective benefits payable on account of members terminated with vested rights and \$1,400,136,628 is for the prospective benefits payable on account of present active members. The total liability includes a contingency reserve of \$62,202,864 in anticipation of a change in mortality and service tables in the next valuation. Against these liabilities, the system has present assets of \$769,098,520 and anticipated future contributions by members of \$352,691,164 leaving a balance of \$583,993,988 to be provided by future contributions of the State and participating municipalities. The Employers' contributions to the system are defined by the retirement law to consist of a "normal contribution" which is to cover current liabilities, that is, liabilities accruing on account of the present service of members, and an "accrued liability contribution" which is to cover liabilities on account of service rendered prior to the date of their first becoming eligible for membership in the system and on account of amendments increasing past service benefits. The valuation indicates that a normal contribution of 5.39 per cent of payroll is required of the State and 6.21 per cent of payroll is required of municipalities. These rates are higher than those for the State and municipalities determined on the basis of the June 30, 1978 valuation, which were 5.29 and 5.12 per cent of payroll, respectively. This is due mainly to salary increases greater than expected for the State and the change in asset valuation method to a 5-year averaging method for municipalities. Future normal contributions at rates of 5.39 per cent of State employees' compensation and 6.21 per cent of



municipality employees' compensation have a present value of \$392,050,569. If this amount is subtracted from \$583,993,988, the present value of future contributions by the State and municipalities, there remains \$191,943,419 as the present value of the unfunded accrued liability.

It is recommended that the accrued liability rate payable by the State be increased to 1.47 per cent of payroll, which is sufficient to liquidate the unfunded accrued liability within 33 years from the valuation date. This rate is higher than that recommended last year, 1.01 per cent, because of the change in asset valuation method. The municipalities are to fund their accrued liabilities over a 30 year period from July 1, 1973 or date of participation, if later, or over a shorter period if they so elect. The accrued liability contributions payable by municipalities were certified previously.

#### SECTION V - CONTRIBUTIONS PAYABLE UNDER THE SYSTEM

On the basis of the valuation as of June 30, 1979 normal contribution rates of 5.39 per cent of payroll for the State and 6.21 per cent of payroll for municipalities are being recommended. It is further recommended that the State's accrued liability rate be set at 1.47 per cent of payroll. This rate will be sufficient to fully liquidate the unfunded accrued liability as of June 30, 1979 within 33 years from June 30, 1979.

These rates do not include a contribution for the guarantee and CPI benefits. These benefits are funded on a pay-as-you-go basis each year.



## SECTION VI - EXPERIENCE

The valuation was based on the rates of separation, other than the rates of disability retirement, the salary scales and the mortality tables last adopted by the Board. An outline of the actuarial assumptions and methods used is presented in Schedule B. The experience during the year ended June 30, 1979 was unfavorable in most respects, resulting in financial losses to the system.



SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 1979

(1) Actuarial Liabilities

Present value of prospective benefits payable in respect of:

(a) Present retired members and beneficiaries \$ 297,399,565

(b) Present terminated members with vested rights 8,247,479

(c) Present active members 1,400,136,628

(d) Total actuarial liabilities \$ 1,705,783,672

(2) Assets of the System 769,098,520

(3) Unfunded Value of Prospective Benefits = (1)(d) - (2) \$ 936,685,152

(4) Present Value of Future Contributions By Members 352,691,164

(5) Total Prospective Contributions by the Employers = (3) - (4) \$ 583,993,988

(6) Present Value of Future Normal Contributions By The Employers At 5.39% for the State and 6.21% for Municipalities \$ 392,050,569

(7) Present Value of Accrued Liability Contributions By The Employers = (5) - (6) \$ 191,943,419

(8) Present Value of Accrued Liability Contribution By the State \$ 178,171,405

(9) Accrued Liability Rate 1.47%

(10) Accrued Liability Liquidation Period 33 years



SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION INTEREST RATE: 5% per annum, compounded annually.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal, vesting, early retirement, disability, death and normal retirement for regular employees and correction officers are as follows:

Age	Withdrawal*, Vesting and Early Retirement	Annual Rates of				Normal Retirement	
		Disability		Death	Regular Employees	Correction Officers	
		Ordinary	Accidental				
25	18.1%	.04%	.01%	.09%			
30	13.5	.06	.01	.12			
35	10.6	.09	.02	.17			
40	8.5	.14	.03	.26		13.2%	
45	6.8	.20	.03	.38		13.5	
50	5.6	.26	.05	.55	5.0%	14.2	
55	4.6	.30	.05	.80	5.0	15.8	
60				1.15	5.7	100.0	
65				1.69	10.4		
69				2.22	28.6		

\*Higher rates of withdrawal are assumed during the first three years of membership in the system.

Representative values of the assumed annual rates of death for members of the Legislative Plan are as follows.

<u>Age</u>	<u>Annual Rates of Death</u>
25	.07%
30	.10
35	.16
40	.24
45	.39
50	.61
55	.97
60	1.53

NORMAL RETIREMENT AGE: Age 60 for members of the Legislative Plan.



**SALARY INCREASES:** Representative values of the assumed annual rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rates of Salary Increases</u>	
	<u>Regular Employees and Correction Officers</u>	<u>Members of Legislative Plan</u>
25	5.98%	3.00%
30	4.23	3.00
35	3.08	3.00
40	3.17	3.00
45	3.24	3.00
50	1.75	3.00
55	2.24	3.00
60	1.75	
65	2.15	
69	1.75	

**DEATHS AFTER RETIREMENT:** According to the Combined Annuity Mortality Table (Modified and Makehamized) rated back three years for women. Special tables are used for the period after disability retirement.

**LOADING OR CONTINGENCY RESERVE:** A contingency reserve was established as of June 30, 1978 in anticipation of a change in the rates of separation and mortality.

**VALUATION METHOD:** Frozen initial liability cost method for municipalities. The State's unfunded accrued liability is determined on the basis of a frozen percentage of payroll. Gains and losses are spread over the average future careers of active members.

**ASSET VALUATION METHOD:** Five-year moving average of unit market values. Under this method an artificial unit value is established as a starting point, and based on that value the starting number of units determined. The increase in the number of units is determined by converting the net cash flow, excluding realized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the market value of the fund to determine the new unit value. The average unit value since 1976 is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. Each valuation will add one unit value to the average until five such values are being used. Thereafter, the newest unit value will be added and the oldest dropped to maintain five unit values in the average.



## SCHEDULE C

### SUMMARY OF MAIN SYSTEM PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

#### BACKGROUND

The Employees' Retirement System of the State of Maryland began operation on October 1, 1941 under the provisions of Article 73B of the Annotated Code of Maryland. Membership in the system is open to all regular employees in either the classified or unclassified service of the State, except employees who are members, or eligible to become members, of the Teachers' Retirement System of the State of Maryland, of the State Police Retirement System of the State of Maryland, or of the Judges Pension System. Employees whose compensation is only partly paid by the State or who are serving on a temporary basis are not eligible to join.

By Chapter 969 of the Laws of 1945, membership in the system was opened to employees of any municipality in the State where the legislative body of the municipality approved participation in the system. Employees of such municipalities participate on the same basis as State employees, except that special credit is allowable for service rendered prior to participation on account of which the municipality makes a special contribution.

The following summaries give the main benefit and contribution provisions of the system as used in the valuation. "Average final compensation" is used to mean the average annual compensation received by the member during the three consecutive years of service preceding retirement or death during which his earnable compensation was highest.



## BENEFITS

### Service Retirement Allowance

#### Condition for Allowance

Upon the retirement of any member who has attained the age of 60 or has rendered 25 years of creditable service, a service retirement allowance is payable. Retirement is compulsory at age 70 except for elected or appointed officials.

A correctional officer in certain job classifications may retire after the completion of 20 years of creditable service provided he was in one of such job classifications for at least 5 years prior to retirement. Retirement is compulsory at age 60 for such correctional officers but year to year extensions may be permitted.

#### Amount of Allowance\*

If at retirement the member has attained age 60 or completed 30 years of creditable service, or if a qualified correctional officer has completed 20 years of creditable service, the retirement allowance is equal to  $1/55$  of the average final compensation of the member multiplied by his years of creditable service.

If at retirement the member, other than a qualified correctional officer, has not attained age 60, nor completed 30 years of creditable service, the retirement allowance payable at retirement is reduced by  $1/2$  of 1% for each month by which his date of retirement precedes the earlier of the date he would have attained age 60, or the date at which he would have completed 30 years of creditable service had he continued in service.

### Discontinued Service Allowance\*\*

#### Condition for Allowance

If a member appointed or elected for a fixed term is not reappointed or reelected after 16 years of creditable service, he may elect to retire and receive a retirement allowance as described in (a).

\*Note: Of the above retirement allowance the amount by which one-half of the member's retirement allowance for membership service exceeds the annuity resulting from the member's regular accumulated contributions is referred to as the additional pension. This amount is provided on a cash disbursement basis and its cost is therefore not considered in the valuation.

\*\*Note: Discontinued service pensions are provided on a cash disbursement basis and therefore their cost is not considered in the valuation.



If a member vacates his position by reason of the termination of his tenure by Act of the General Assembly after 20 years of creditable service, he may elect to retire and receive a retirement allowance as described in (b).

Amount of Allowance

- (a) The discontinued service allowance consists of an annuity which is the actuarial equivalent of the member's accumulated contributions, plus a pension equal to the ordinary disability pension that would be payable at the time of retirement if the member had been retired on an ordinary disability benefit.
- (b) The discontinued service allowance is equal to the service allowance payable on account of service to date of retirement.

Disability Retirement Allowance

Disability Due to  
Ordinary Causes

Condition for Allowance

Upon the application of a member or of his department head, a member who is mentally or physically incapacitated for the further performance of duty after five or more years of service may be retired on an ordinary disability retirement allowance.

Amount of Allowance

The ordinary disability retirement allowance is equal to the service retirement allowance if the member has attained age 60 or has completed 30 years of creditable service. Otherwise, the ordinary disability retirement allowance is  $\frac{1}{55}$  of the average final compensation of the member multiplied by the number of years of his creditable service. The minimum allowance payable is 25% of the average final compensation except in the case of members entering the service after age 46. In the latter case, the minimum rate of allowance is the rate of allowance which would have been payable at age 60 had he remained in service with the same average final compensation.



Disability Due to  
Accident in the Actual  
Performance of Duty

Condition for Allowance

Upon the application of a member or of his department head, a member who has been totally and permanently incapacitated for duty as the result of an accident occurring in the actual performance of duty may be retired on an accidental disability retirement allowance.

Amount of Allowance

The accidental disability retirement allowance is equal to the service retirement allowance if the member has attained age 60, otherwise it consists of a pension equal to  $66\frac{2}{3}\%$  of the member's average final compensation and the annuity provided by the member's own accumulated contributions, but in no event is the accidental disability retirement allowance to exceed the average final compensation of the member.

Lump Sum Death Benefit

Condition for Benefit

Upon the death of a member in service, a benefit is paid to such person as he has nominated, if living, otherwise to his estate unless a benefit is paid to his spouse.

Amount of Benefit

The benefit consists of the return of all contributions of the member with interest accumulations and, if the member has one or more years of service, an additional lump sum equal to the annual earnable compensation of the member at the time of death.

Death Benefit to Spouse

Condition for Allowance

Upon the death of a member in active service who is eligible for service retirement or who has attained age 55 and rendered 15 years of creditable service and who has not nominated a beneficiary other than his spouse, his spouse will receive a retirement allowance.



#### Amount of Allowance

The retirement allowance is equal to the option 2 allowance that would have been payable had the member retired 30 days prior to death and elected such option where the pension without optional modification in the case of a member who is not eligible for service retirement is calculated on the same basis as though he were eligible for service retirement, except that the spouse may elect to receive in lieu of such allowance the lump sum death benefit including the return of the member's accumulated contributions.

#### Return of Contributions

Upon the withdrawal of a member prior to retirement, the entire amount of his contributions with interest accumulations is returned to him.

#### Vested Retirement Allowance

##### Condition for Allowance

Any member whose service is terminated other than by death or retirement after 5 or more years of creditable service may elect to receive a vested retirement allowance in lieu of the return of his accumulated contributions.

##### Amount of Allowance

The vested retirement allowance is a deferred allowance commencing at age 60, or if a qualified correctional officer at age 55, equal to the service retirement allowance based on the member's creditable service and average final compensation at the time his service was terminated.

#### Special Privileges Upon Retirement

Members upon retirement may elect to receive the actuarial equivalent of their retirement allowance in any one of the following optional forms:

Option 1 - Reduced payments during life with the provision that in the case of death before the retirement allowance payments have equalled the present value of the retirement allowance of the member at the date of retirement, the balance shall be paid to his legal representatives or to such person as he has nominated.



Option 2 - Reduced payments covering two lives with the provision that at the death of the member, the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.

Option 3 - Reduced payments covering two lives with the provision that at the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.

Option 4 - Reduced payments during life with the provision that at death some other benefit, approved by the Board, will be payable provided that the total of the reduced retirement allowance during life and the succeeding benefit shall be computed to be of equivalent actuarial value to the retirement allowance that would have been payable without optional modification.

Benefits to Employees Retired  
Prior to October 1, 1941

All pensions payable to former employees retired under the provisions of Article 73B and in force on October 1, 1941 are continued and paid from the funds of the Employees' Retirement System.

Post Retirement Adjustments  
in Allowances

The allowances of retired members are adjusted annually on the basis of the ratio of the Consumer Price Indexes from year to year. Any increases in allowances are met on a pay-as-you-go basis.

## CONTRIBUTIONS

By Members

Each member who enters the system on and after July 1, 1973 contributes at a rate of 5 per cent of his earnable compensation. Each member who was a member on June 30, 1973 contributes on and after July 1, 1973 at the lesser of the rate he was contributing prior to July 1, 1973 or 5 per cent of his earnable compensation.



By State and Participating  
Municipalities

The State makes annual contributions equal to a percentage of the salaries of all members who are State employees known as the "normal contribution" and an additional percentage of such salaries known as the "accrued liability contribution".

The State also makes contributions to cover full membership service credit to members for military service, that is, to provide the benefits otherwise payable from the member's contributions in addition to those provided by the State's contributions; but such contributions are not payable to members upon withdrawal from service prior to retirement.

Each participating municipality contributes at a normal contribution rate which is the same for all municipalities, and also pays a special accrued liability contribution based on the accrued liability assumed by the system on account of the participation of the municipality and the additional accrued liability on account of any amendments.

The payment of the additional pensions, post retirement adjustments resulting from the increase in the Consumer Price Index, and all discontinued service pensions is contingent upon the State or municipality paying to the retirement system each year the additional amount required to pay these pensions.



## SPECIAL PROVISIONS FOR MEMBERS OF THE GENERAL ASSEMBLY

Any person who was a member of the General Assembly of the State of Maryland on January 13, 1971 could elect to be covered by the special provisions summarized below on or prior to March 15, 1971. Any person taking office after January 13, 1971 must make his election within 60 days after appointment or election. Creditable service is allowed for service in the General Assembly during which or for which a member makes the required contributions to the system.

### BENEFITS

#### Service Retirement Allowance

##### Condition for Allowance

Any member is eligible to retire on a service retirement allowance if he has attained the age of 50 and completed 8 years of creditable service.

##### Amount of Allowance

Upon retirement at age 60 or over the service retirement allowance is equal to 2-1/2% of the member's highest annual earnable compensation during his creditable service multiplied by the number of his years of creditable service with a maximum of 60% of such compensation.

If the member is under age 60 the allowance is the actuarial equivalent of the allowance computed in accordance with the above paragraph.

The allowance for service prior to January 1, 1971 can not be less than the allowance computed under the old Legislative Plan for such service.

#### Deferred Service Retirement Allowance

##### Condition for Allowance

A member who withdraws from service prior to age 60 after having rendered at least 8 years of creditable service and who elects to leave his accumulated contributions in the system is eligible for a deferred service retirement allowance.



#### Amount of Allowance

The deferred service retirement allowance commences at age 60 and is calculated as a service retirement allowance on the basis of the member's creditable service and compensation up to the time of withdrawal from service. The member may elect to receive an actuarially reduced allowance upon his attainment of age 50.

#### Termination Allowance

##### Condition for Allowance

A member whose service is terminated before the completion of 8 years of service and who elects to leave his accumulated contributions in the system and make the future contributions which would have been made by him and on his behalf by the State until he has acquired a total of 8 years of creditable service, is eligible for a termination retirement allowance.

##### Amount of Allowance

The termination retirement allowance is computed as a service retirement allowance and commences at age 60 or at age 50 with an actuarial reduction.

#### Spouse's Benefit

##### Condition for Benefit

Upon the death of (i) any retired member who is in receipt of a retirement allowance, (ii) any retired member who is eligible to receive a deferred allowance and (iii) any active member who has completed 8 years of service, an allowance is paid to the surviving spouse.

##### Amount of Benefit

The spouse's allowance commences at age 60 and is equal to one-half of the service retirement allowance which the member was receiving or would have been eligible to receive had he been eligible to retire at the time of his death. The spouse may elect to receive an actuarially reduced allowance any time after the attainment of age 50.

#### Death Benefit

Upon the death of a member in service on whose behalf no other benefit is payable, his accumulated contributions will be returned to his designated beneficiary or his estate.



## Return of Contributions

Upon the termination of a member's service in the General Assembly prior to retirement the entire amount of his accumulated contributions will be returned upon his application therefor.

## Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually on the basis of the ratio of Consumer Price Indexes from year to year. Any increases in allowances are met on a pay-as-you-go basis.

## CONTRIBUTIONS

### By Members

Members contribute 5% of their compensation. Contributions are discontinued after 24 years of service.

### By State

The State makes such contributions as are necessary to fund the benefits on a sound actuarial basis, with the exception of post retirement adjustments resulting from the increase in the Consumer Price Index. The payment of these latter benefits is contingent upon the State paying to the retirement system each year the additional amount required to pay these benefits.







**ACCOUNTANTS'**

**CERTIFICATION**









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Board of Trustees  
Employees' Retirement System of the State of Maryland

We have examined the balance sheet of the Employees' Retirement System of the State of Maryland as of June 30, 1979 and 1978 and the related statements of revenue and expenses and changes in fund balances for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Employees' Retirement System of the State of Maryland at June 30, 1979 and 1978, and the results of its operations and the changes in its fund balances for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Eugene J. Gerczak*  
Eugene J. Gerczak, CPA  
LEGISLATIVE AUDITOR

*Robert W. Dorsey*  
Robert W. Dorsey, CPA  
AUDIT MANAGER

December 19, 1979





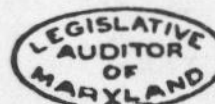


EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

TRUST FUND  
BALANCE SHEET  
JUNE 30, 1979 AND 1978

	JUNE 30,	
	1979	1978
- - ASSETS - -		
CASH .....	-	\$ 572,386
ACCOUNTS RECEIVABLE:		
Members' contributions - Note 2b .....	\$ 1,479,556	\$ 1,818,848
Employers' contributions - Note 2b .....	4,868,299	5,551,838
Accrued investment income - Note 2c .....	18,738	8,666,984
Due from Combined Fixed Income Fund .....	932,449	-
Other .....	392,071	53,408
Total accounts receivable .....	\$ 7,691,113	\$ 16,091,078
INVESTMENTS - Note 2c:		
Prorata share of the Combined Fixed Income Fund of the Maryland State Retirement Systems; at amortized cost (market value \$461,432,023 at June 30, 1979) .....	\$ 512,192,621	-
Prorata share of the Combined Equity Fund of the Maryland State Retirement Systems; at amortized cost (market value \$293,415,282 at June 30, 1979) .....	283,282,650	-
Bonds, at amortized cost (market value \$335,282,120 at June 30, 1978) .....	-	\$ 379,945,028
Stocks, at cost (market value \$239,111,797 at June 30, 1978) .....	-	239,452,256
Commercial paper, at cost (approximates market value) .....	19,926,412	56,806,954
Mortgages and ground rents, at amortized cost .....	-	27,202,753
Other, at cost (approximates market value) .....	6,586,286	4,316,137
Total investments .....	\$ 821,987,969	\$ 707,723,128
TOTAL ASSETS .....	\$ 829,679,082	\$ 724,386,592
- - LIABILITIES AND FUND BALANCES - -		
LIABILITIES:		
Provision for unrepresented checks - Note 2d .....	\$ 4,890,351	\$ 4,178,485
Taxes and insurance withheld from retirees .....	663,472	237,350
Other .....	177,501	54,302
Total liabilities .....	\$ 5,731,324	\$ 4,470,137
FUND BALANCES:		
Annuity Savings Fund - employees - Note 2e .....	\$ 319,769,030	\$ 288,868,786
Annuity Savings Fund - judges - Note 2e .....	2,694,001	2,216,050
Retirement Accumulation Fund - Note 2f .....	501,484,727	428,831,619
Total fund balances .....	\$ 823,947,758	\$ 719,916,455
TOTAL LIABILITIES AND FUND BALANCES .....	\$ 829,679,082	\$ 724,386,592

The accompanying notes are an integral part of this financial statement.





EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

TRUST FUND  
STATEMENT OF REVENUE AND EXPENSES BY FUND  
FOR THE FISCAL YEARS ENDED JUNE 30, 1979 AND 1978

	JUNE 30,	
	1979	1978
ANNUITY SAVINGS FUND - EMPLOYEES:		
Revenue:		
Members' contributions - Note 2e .....	\$ 45,987,363	\$ 42,390,124
Expenses:		
Refunds .....	(11,654,941)	(9,909,935)
Withdrawal by political subdivision .....	-	(98,819)
EXCESS OF REVENUE OVER EXPENSES .....	<u>\$ 34,332,422</u>	<u>\$ 32,381,370</u>
ANNUITY SAVINGS FUND - JUDGES:		
Revenue:		
Members' contributions - Note 2e .....	\$ 437,122	\$ 516,281
Expenses:		
Refunds .....	<u>(3,339)</u>	<u>(1,271)</u>
EXCESS OF REVENUE OVER EXPENSES .....	<u>\$ 433,783</u>	<u>\$ 515,010</u>
RETIREMENT ACCUMULATION FUND:		
Revenue:		
Employer contributions - Note 2f .....	\$ 75,061,788	\$ 62,135,468
Investment income - Note 2c .....	46,481,683	37,914,808
Expenses:		
Benefit payments - Note 2f .....	(52,278,373)	(44,937,694)
Withdrawal by political subdivision .....	-	(147,354)
EXCESS OF REVENUE OVER EXPENSES .....	<u>\$ 69,265,098</u>	<u>\$ 54,965,228</u>

The accompanying notes are an integral part of this financial statement.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

TRUST FUND  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 1979 AND 1978

	<u>ANNUITY SAVINGS FUND</u>		<u>RETIREMENT</u>
	<u>JUDGES</u>	<u>EMPLOYEES</u>	<u>ACCUMULATION</u>
			<u>FUND</u>
Balances, July 1, 1977 .....	\$ 1,790,290	\$ 258,767,000	\$ 371,497,557
Excess of revenues over expenses - fiscal year 1978 .....	515,010	32,381,370	54,965,228
Transfers to Annuity Savings Fund for Judges from the Retirement Accumulation Fund for interest credited to members' accounts .....	78,443	-	(78,443)
Transfers to Annuity Savings Fund for Employees from the Retirement Accumulation Fund for interest credited to members' accounts .....	-	10,595,560	(10,595,560)
Transfers to Retirement Accumulation Fund from the Annuity Savings Fund for Judges for contributions of retiring members .....	(167,693)	-	167,693
Transfers to Retirement Accumulation Fund from the Annuity Savings Fund for Employees for contributions of retiring members .....	-	(12,875,144)	12,875,144
Balances, June 30, 1978 .....	\$ 2,216,050	\$ 288,868,786	\$ 428,831,619
Excess of revenues over expenses - fiscal year 1979 .....	433,783	34,332,422	69,265,098
Transfers to Annuity Savings Fund for Judges from the Retirement Accumulation Fund for interest credited to members' accounts .....	95,483	-	(95,483)
Transfers to Annuity Savings Fund for Employees from the Retirement Accumulation Fund for interest credited to members' accounts .....	-	11,790,576	(11,790,576)
Transfers to Retirement Accumulation Fund from the Annuity Savings Fund for Judges for contributions of retiring members .....	(51,315)	-	51,315
Transfers to Retirement Accumulation Fund from the Annuity Savings Fund for Employees for contributions of retiring members .....	-	(15,222,754)	15,222,754
Balances, June 30, 1979 .....	\$ 2,694,001	\$ 319,769,030	\$ 501,484,727

The accompanying notes are an integral part of this financial statement.



# EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## NOTES TO FINANCIAL STATEMENTS

### 1. ORGANIZATION AND PURPOSE

The Employees' Retirement System of the State of Maryland was established on October 1, 1941 and is administered in accordance with Article 73B of the Annotated Code of Maryland. As such, it is managed by the board of trustees for the purpose of providing retirement allowances and other benefits to State employees and the employees of participating municipal corporations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Method of Reporting

The financial statements of the Employees' Retirement System of the State of Maryland Trust Fund were prepared on the accrual basis of accounting. A reserve account reflecting the actuarial requirements of the System has not been established. Additional information concerning unfunded actuarial liabilities can be found in Note 3.

#### b. Contributions Receivable

These receivables represent contributions due at June 30 from both the members and the employers, all of which were received in the subsequent fiscal year.

#### c. Investments

##### (1) Transfer of Assets:

At the close of business on June 30, 1978, the Employees' Retirement System transferred the majority of its investments and the accrued income thereon to the combined investment funds of the Maryland State Retirement Systems, which are structured on a basis similar to that of a mutual fund. In this regard, two commingled funds have been established; the Combined Fixed Income Fund for bonds and other fixed income investments and the Combined Equity Fund consisting principally of common stock.

##### (2) Allocation of Shares, Investment Income, and Balance Sheet Presentation:

The initial shares of ownership in the combined investment funds were allocated to each participating system on the basis of the market value of the assets transferred by each system at June 30, 1978. Investment income is distributed monthly to the systems based on the number of shares owned by each system. The assets of the combined investment funds are carried at cost, or amortized cost when purchase premiums and discounts are involved (see following schedule). Accordingly, the accompanying balance



NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Investments (continued)

- (2) Allocation of Shares, Investment Income, and Balance Sheet Presentation (continued):

sheet for June 30, 1979 indicates the Employees' Retirement System's prorata share of the assets of the Combined Fixed Income Fund and the Combined Equity Fund.

- (3) Accrued Investment Income:

Admission to and withdrawal from each of the combined funds is allowed only on the first business day of each month. Consequently, the Employees' Retirement System has utilized temporary idle cash to purchase commercial paper and other short-term investments (\$19,926,412 and \$6,586,286, respectively, at June 30, 1979). In this regard, accrued investment income, as indicated on the balance sheet for June 30, 1979, represents income accruals applicable to the commercial paper and other short-term investments. The substantial decrease from June 30, 1978 to June 30, 1979 is attributable to the exclusion of accrued investment income applicable to the combined investment funds, which is included in the Employees' Retirement System's prorata share of the Combined Fixed Income Fund and the Combined Equity Fund under the Investments caption of the balance sheet at June 30, 1979.



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### c. Investments (continued)

Net assets of the combined investment funds for all Systems at June 30, 1979, are as follows:

	JUNE 30, 1979			
	COMBINED FIXED INCOME FUND		COMBINED EQUITY FUND	
	COST	MARKET VALUE	COST	MARKET VALUE
Investments:				
Bonds .....	\$ 1,092,904,386	\$ 965,389,178	-	-
Stocks .....	-	-	\$ 698,964,935	\$ 726,140,403
Commercial paper ....	218,596,386	218,596,386	84,934,978	84,934,978
Mortgages and ground rents .....	67,911,430	56,048,247	-	-
Other investments ...	4,745,486	4,745,486	1,625,205	1,348,075
Other assets - net ....	17,101,698	17,101,698	2,777,505	2,777,505
Net Assets ...	<u>\$ 1,401,259,386</u>	<u>\$ 1,261,880,995</u>	<u>\$ 788,302,623</u>	<u>\$ 815,200,961</u>

The allocation of the combined investment funds to each System at June 30, 1979, is as follows:

	JUNE 30, 1979			
	COMBINED FIXED INCOME FUND		COMBINED EQUITY FUND	
	COST	MARKET VALUE	COST	MARKET VALUE
Employees' Retirement System .....	\$ 512,192,621	\$ 461,432,023	\$ 283,282,650	\$ 293,415,282
Teachers' Retirement System .....	849,159,527	764,182,512	477,095,705	492,992,781
State Police Retirement System .....	39,706,242	36,077,178	27,924,268	28,792,898
State Police Pension Fund .....	200,996	189,282	-	-
Total .....	<u>\$ 1,401,259,386</u>	<u>\$ 1,261,880,995</u>	<u>\$ 788,302,623</u>	<u>\$ 815,200,961</u>

Investment income includes interest, dividends and the accumulation of discounts, reduced for amortization of premium and accrued interest paid on securities purchased. Gains and losses due to liquidation are recorded in the fiscal period in which the transaction occurs (completed transaction method).



NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Investments (continued)

Net income of the combined investment funds for all Systems for the fiscal year ended June 30, 1979, is as follows:

	JUNE 30, 1979	
	COMBINED FIX- ED INCOME FUND	COMBINED EQUITY FUND
Interest:		
Bonds .....	\$ 86,561,989	-
Commercial paper .....	16,012,144	\$ 4,797,862
Mortgages and ground rents .....	4,957,498	-
Other .....	515,524	230,890
Dividends .....	-	26,856,426
Profit (loss) on sale of investments .....	(15,651,774)	1,981,613
Total Investment Income .....	<u>\$ 92,395,381</u>	<u>\$ 33,866,791</u>

It is the policy of the Systems to actively manage bond portfolios. Although losses are incurred on the sale of bonds, the proceeds are reinvested in higher yielding instruments for the purpose of achieving an overall greater return. The comparable losses for all of the Retirement Systems combined for the fiscal year ended June 30, 1978 totaled \$15,694,268 and were attributable to the systems as follows: Employees', \$4,067,972; Teachers', \$11,253,745; and State Police, \$372,551.

The allocation of the combined investment funds' net income to each System for the fiscal year ended June 30, 1979 is as follows:

	JUNE 30, 1979	
	COMBINED FIX- ED INCOME FUND	COMBINED EQUITY FUND
Employees' Retirement System .....	\$ 33,954,558	\$ 11,943,406
Teachers' Retirement System .....	55,943,032	20,643,611
State Police Retirement System .....	2,483,555	1,279,774
State Police Pension Fund .....	14,236	-
Total .....	<u>\$ 92,395,381</u>	<u>\$ 33,866,791</u>



NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Investments (continued)

The following is a detailed analysis of the Employees' Retirement System's investment income:

	1979	1978
From Combined Investment Funds (see preceding schedule):		
Prorata share of the Combined Fixed Income Fund of the Maryland State Retirement Systems net income from investments .....	\$ 33,954,558	-
Prorata share of the Combined Equity Fund of the Maryland State Retirement Systems net income from investments .....	11,943,406	-
Total Investment Income From Combined Funds .....	\$ 45,897,964	-
Income From Investments Held Exclusively by System:		
Interest:		
Bonds .....	-	\$ 29,126,131
Commercial paper .....	\$ 313,807	2,728,744
Mortgages and ground rents .....	110,901	1,770,514
Other .....	159,011	468,253
Dividends .....	-	7,889,138
Profit (loss) on sale of investments .....	*	(4,067,972)
Total Income From Investments Held Exclusively By System .....	\$ 583,719	\$ 37,914,808
TOTAL INVESTMENT INCOME .....	\$ 46,481,683	\$ 37,914,808

\*Included in Combined Investment Funds (see preceding schedule).

d. Provision for Unpresented Checks

The provision for unpresented checks represents the overnight investment of cash on hand, at the bank, for which checks have been issued but have not yet been presented for payment.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e. Annuity Savings Fund - Members' Contributions

Contributions made by members together with interest thereon, at 4% per annum, were credited to the Annuity Savings Fund. Upon termination of membership, the members' accumulated contributions are refunded in a lump-sum. Upon retirement, the members' accumulated contributions are transferred from this fund and credited to the Retirement Accumulation Fund.

#### f. Retirement Accumulation Fund - Employers' Contributions

Contributions made by the employers are credited to the Retirement Accumulation Fund. All lump-sum death and retirement benefits are paid from this fund. The employers' contributions to the Retirement System, as defined by law, consists of a "normal contribution" to cover current liabilities accruing on account of current service of members, plus an "accrued liability contribution" to cover credit allowed for service rendered prior to the effective date of employer participation in the System and for subsequent amendments. In addition, the employers' annual contributions include an amount to guarantee that each employee will receive a pension that will equal one fifty-fifth of the average of the three highest years salary times the number of years of service, plus an amount for the purpose of providing benefits which increase with the consumer price index. The following is a detailed analysis of employers' contributions and benefit payments:

<u>Employers' Contributions</u>	<u>Funded in Advance</u>	<u>Pay-As-You-Go</u>	<u>Total</u>
	(Note 3)		
1979	\$ 57,402,678	\$ 17,659,110	\$ 75,061,788
1978	\$ 47,562,998	\$ 14,572,470	\$ 62,135,468
<u>Benefit Payments</u>			
1979	\$ 34,180,735	\$ 18,097,638	\$ 52,278,373
1978	\$ 28,973,564	\$ 15,964,130	\$ 44,937,694

### 3. ACTUARIAL LIABILITIES

- a. During the period covered by the financial statements, the System was composed of both advance funded and pay-as-you-go elements and the State's contributions were appropriated annually, based upon a report of a consulting actuary. For the advance funded portion, the State appropriates amounts to provide for the projected future needs of the System, exclusive of the consumer price index adjustments and supplementary pension payments (one fifty-fifth guarantee). The appropriations for the consumer price index adjustments and supplementary pension payments were provided for each year on a current basis (pay-as-you-go) with no provision for the future needs of the System. However, in any given



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 3. ACTUARIAL LIABILITIES (Continued)

year the State's contributions for the consumer price index adjustments and supplementary payment would not match the benefit payments in that same year, because State budget procedures necessitate that the amount of the contributions be estimated approximately two years in advance of actual payments.

The appropriations for all benefit payments for the Judges' Pension Plan were provided for each year on a current basis (pay-as-you-go).

According to a special actuarial report, as of June 30, 1979, which was based on the entry age normal cost method, there was an unfunded accrued liability of \$1,171,327,000. The amount of the unfunded accrued liability was based upon the assumption of full funding for all benefits, both advance funded and pay-as-you-go elements and on these economic assumptions: interest of 7% compounded annually; an annual rate of salary increases of 5% added to the present rates at each age; and a 4% annual cost-of-living increase.

- b. Chapters 23 and 24 of the Laws of Maryland, 1979, provide that, effective July 1, 1980, the State's contributions to the System shall be sufficient to liquidate over a period of 40 years the amount of the total liabilities of the System based on benefits accrued to that date that are not dischargeable by the amounts to the credit of the Retirement Accumulation Fund and the Annuity Savings Fund.

This legislation, which will have a major impact on the funding of the liability, provides for the following:

- (1) Effective July 1, 1980, full funding of the Employees Retirement System and the Judges Pension System,
- (2) Establishment of a new, fully-funded system for all State employees hired after January 1, 1980. The new system will integrate the benefit formula with Social Security. Enrollment will be mandatory for all new employees and optional for existing employees,
- (3) Establishment of a cap of 3% per annum on post-retirement cost of living increases for the new system,
- (4) Reduced pension benefits for members of the new system, thereby reducing the funding requirements of the State,
- (5) Members of the new retirement system will no longer make contributions, except for that portion of each member's annual salary that is in excess of the Social Security wage base, for which the contribution rate for each member will be 5%.



**STATISTICAL**

**SECTION**







THE DISTRIBUTION OF THE NUMBER AND AVERAGE SALARIES TABLE I  
OF ACTIVE MEMBERS BY AGE AS OF JUNE 30, 1979

<u>Age</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
17	5	\$ 5,327	4	\$ 5,569
18	34	5,354	33	6,619
19	179	7,255	224	7,198
20	365	7,559	403	7,356
21	505	7,858	572	7,719
22	622	8,557	818	8,358
23	778	9,098	1058	9,093
24	878	9,834	1220	9,515
25	1040	10,490	1324	10,033
26	1057	10,865	1455	10,518
27	1172	11,541	1483	10,896
28	1232	12,059	1449	11,137
29	1235	12,658	1324	11,251
30	1183	13,234	1336	11,590
31	1265	13,894	1265	11,696
32	1424	14,458	1282	11,326
33	1188	14,589	1131	11,366
34	916	14,983	937	11,142
35	883	14,831	1055	11,116
36	949	15,183	1045	10,749
37	944	15,464	1090	11,056
38	737	15,293	913	10,503
39	688	15,231	934	10,295
40	665	15,043	863	10,382



THE DISTRIBUTION OF THE NUMBER AND AVERAGE SALARIES TABLE I  
 OF ACTIVE MEMBERS BY AGE AS OF JUNE 30, 1979  
 (CONTINUED)

<u>Age</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
41	737	\$ 15,857	960	\$ 10,447
42	716	15,372	885	10,438
43	637	14,980	871	10,208
44	712	15,334	850	10,430
45	629	15,055	965	10,535
46	675	15,120	827	10,391
47	702	14,981	826	10,364
48	676	15,272	865	10,595
49	658	15,104	860	10,329
50	725	15,055	836	10,646
51	741	14,996	829	10,542
52	738	15,139	813	10,900
53	709	15,176	847	10,740
54	724	14,576	847	10,777
55	657	15,031	786	10,666
56	653	14,750	785	10,764
57	648	14,743	731	10,776
58	695	14,217	690	10,326
59	642	14,756	680	10,362
60	559	14,514	605	10,677
61	553	14,046	502	10,507
62	424	13,731	403	10,492
63	358	14,280	296	10,496



THE DISTRIBUTION OF THE NUMBER AND AVERAGE SALARIES TABLE I

OF ACTIVE MEMBERS BY AGE AS OF JUNE 30, 1979

(CONTINUED)

<u>Age</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
64	271	\$ 13,798	214	\$ 10,539
65	268	14,687	159	10,106
66	133	13,057	114	10,580
67	116	15,554	71	9,033
68	76	14,049	59	8,620
69	71	15,284	45	7,444
70	43	13,571	33	8,612
71	25	12,505	13	8,917
72	8	18,176	7	10,848
73	12	14,154	5	7,757
74	9	11,433	3	11,579
75	3	7,212	3	5,928
76	1	31,500	-	-
77	1	4,770	-	-
78	3	20,435	-	-
79	1	6,500	1	9,625
84	-	-	1	900
TOTAL	35,953	13,700	41,505	10,518



## THE DISTRIBUTION OF THE NUMBER AND AVERAGE

## TABLE II

## SALARIES OF ACTIVE MEMBERS BY YEARS OF

SERVICE AS OF JUNE 30, 1979

<u>Years of Service</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
0	1524	\$ 10,299	2023	\$ 8482
1	3862	10,386	4966	8606
2	3429	11,021	4443	9112
3	2956	11,977	3880	9734
4	2861	13,079	3831	10,532
5	2846	13,566	3509	11,007
6	2769	14,549	3340	10,873
7	1694	14,970	2136	11,112
8	1317	15,394	1367	11,554
9	1468	15,078	1656	11,495
10	1263	15,322	1611	11,302
11	944	15,005	1163	11,582
12	1037	15,411	1288	11,832
13	823	15,185	1042	11,702
14	689	15,725	776	12,022
15	640	15,662	672	11,758
16	658	15,778	623	11,605
17	570	15,875	441	12,101
18	494	16,251	424	12,344
19	470	16,246	316	12,304
20	430	15,841	305	12,294
21	436	16,702	254	13,144
22	382	15,748	243	12,898



## THE DISTRIBUTION OF THE NUMBER AND AVERAGE

TABLE II

## SALARIES OF ACTIVE MEMBERS BY YEARS OF

SERVICE AS OF JUNE 30, 1979

<u>Years of Service</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
23	313	\$ 16,331	205	\$ 12,936
24	298	16,832	170	13,944
25	247	16,761	137	13,394
26	255	16,863	152	12,563
27	228	17,303	131	13,067
28	212	16,778	98	13,259
29	158	16,637	68	14,297
30	147	17,848	57	14,903
31	129	18,562	47	14,082
32	106	18,536	32	14,948
33	100	19,223	25	14,902
34	64	19,022	20	14,871
35	34	19,842	12	15,099
36	30	19,613	13	17,364
37	17	18,761	8	16,221
38	10	18,119	4	18,321
39	8	17,179	4	18,070
40	7	25,659	1	11,786
41	6	17,433	4	17,012
42	8	19,744	2	14,375
43	6	22,820	1	12,584
44	1	15,969	1	9,600



THE DISTRIBUTION OF THE NUMBER AND AVERAGE

TABLE "I

SALARIES OF ACTIVE MEMBERS BY YEARS OF

SERVICE AS OF JUNE 30, 1979

<u>Years of Service</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
45	1	\$ 10,276	2	\$ 14,494
46	2	13,120	1	24,311
48	-	-	1	15,557
49	1	30,625	-	-
TOTAL	35,953	13,700	41,505	10,518



THE DISTRIBUTION OF THE NUMBER OF ACTIVE  
MEMBERS BY SEX AND ENTRANCE DATE AS OF

TABLE III

JUNE 30, 1979

	<u>MEN</u>	<u>WOMEN</u>
Prior to 1940	2	2
1940-1945	48	31
1946-1950	422	166
1951-1955	1002	564
1956-1960	1706	1139
1961-1965	2977	2627
1966-1970	5853	6398
1971-1975	11,737	14,943
1976-1980	12,206	15,635
TOTAL	35,953	41,505



THE DISTRIBUTION OF THE NUMBER AND AVERAGE SALARIES  
OF ACTIVE MEMBERS BY SEX FOR THE LAST  
5 FISCAL YEARS

TABLE IV

<u>Fiscal Year</u>	<u>MEN</u>		<u>WOMEN</u>	
	<u>Number</u>	<u>Average Salary</u>	<u>Number</u>	<u>Average Salary</u>
1979	35,953	\$ 13,700	41,505	\$ 10,518
1978	35,674	12,932	40,255	9,936
1977	34,842	12,098	38,605	9,285
1976	34,852	11,587	37,663	8,817
1975	35,050	10,765	34,084	8,191



MALE RECIPIENTS OF PENSIONS CLASSIFIED BY AGE AS OF 6-30-79 TABLE V

TYPE OF PENSION

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
20	-	-	1	1
27	-	1	-	1
29	-	1	-	1
30	-	2	-	2
31	-	1	-	1
32	-	3	-	3
33	-	5	-	5
34	-	1	-	1
35	-	2	-	2
36	-	4	-	4
37	-	3	-	3
38	2	4	-	6
39	1	1	-	2
40	-	5	-	5
41	-	13	-	13
42	-	4	-	4
43	2	8	-	10
44	1	7	1	9
45	7	10	1	18
46	4	6	-	10
47	8	16	-	24
48	5	16	-	21
49	12	20	-	32
50	11	18	-	29



## MALE RECIPIENTS OF PENSIONS CLASSIFIED BY AGE AS OF 6-30-79

TABLE V

TYPE OF PENSION

(CONTINUED)

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
51	15	23	-	38
52	30	25	-	55
53	22	26	1	49
54	26	35	-	61
55	33	45	1	79
56	39	31	-	70
57	36	54	-	90
58	46	49	1	96
59	45	66	-	111
60	47	53	-	100
61	88	58	-	146
62	148	63	-	211
63	217	65	2	284
64	248	52	3	303
65	279	49	3	331
66	348	35	2	385
67	368	26	1	395
68	335	14	-	349
69	335	16	5	356
70	285	6	1	292
71	304	6	2	312
72	215	12	-	227
73	228	2	1	231



MALE RECIPIENTS OF PENSIONS CLASSIFIED BY AGE AS OF 6-30-79 TABLE V

TYPE OF PENSION

(CONTINUED)

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
74	202	3	1	206
75	178	1	-	179
76	159	-	-	159
77	142	3	-	145
78	82	-	2	84
79	110	1	3	114
80	78	-	-	78
81	69	1	1	71
82	62	1	-	63
83	69	-	1	70
84	35	1	-	36
85	29	1	-	30
86	21	-	1	22
87	20	-	-	20
88	12	-	-	12
89	12	-	-	12
90	9	-	-	9
91	9	-	-	9
92	2	-	-	2



MALE RECIPIENTS OF PENSIONS CLASSIFIED BY AGE OF 6-30-79      TABLE V

TYPE OF PENSION

(CONTINUED)

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
93	3	-	-	3
94	1	-	-	1
96	3	-	-	3
97	1	-	-	1
TOTAL	5098	974	35	6107
AVERAGE AGE	69.4	58.0	66.7	67.6



## FEMALE RECIPIENTS OF PENSIONS CLASSIFIED BY

TABLE VI

AGE AS OF 6-30-79

TYPE OF PENSIONS

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
22	-	-	1	1
26	-	1	1	2
27	-	1	-	1
29	-	1	-	1
30	-	2	-	2
31	-	1	1	2
32	-	2	-	2
34	-	-	1	1
35	-	1	-	1
36	-	5	-	5
37	-	3	-	3
38	-	7	1	8
39	-	4	-	4
40	-	6	2	8
41	-	4	1	5
42	-	6	-	6
43	-	6	-	6
44	-	7	2	9
45	1	6	2	9
46	4	4	3	11
47	1	15	2	18
48	2	10	2	14
49	6	16	1	23
50	7	16	3	26



## FEMALE RECIPIENTS OF PENSIONS CLASSIFIED BY

TABLE VI

AGE AS OF 6-30-79

TYPE OF PENSIONS(CONTINUED)

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
51	8	19	7	34
52	5	10	8	23
53	13	22	10	45
54	4	31	10	45
55	17	31	17	65
56	19	32	13	64
57	8	45	12	65
58	23	32	14	69
59	24	29	22	75
60	47	61	16	124
61	139	52	23	214
62	180	45	27	252
63	243	44	26	313
64	304	39	33	376
65	277	38	29	344
66	316	25	38	379
67	327	10	41	378
68	284	10	32	326
69	277	11	33	321
70	279	10	28	317
71	247	6	47	300
72	228	6	45	279
73	197	5	42	244



## FEMALE RECIPIENTS OF PENSIONS CLASSIFIED BY

TABLE VI

AGE AS OF 6-30-79

TYPE OF PENSIONS(CONTINUED)

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
74	170	3	40	213
75	145	3	35	183
76	137	1	30	168
77	109	1	22	132
78	84	1	31	116
79	79	-	28	107
80	66	-	14	80
81	69	1	25	95
82	51	1	15	67
83	43	1	18	62
84	37	-	8	45
85	29	-	8	37
86	20	-	5	25
87	13	-	5	18
88	19	-	2	21
89	11	-	4	15
90	8	-	5	13
91	7	-	2	9
92	2	-	-	2
93	4	-	-	4
94	4	-	-	4



## FEMALE RECIPIENTS OF PENSIONS CLASSIFIED BY

TABLE VI

AGE AS OF 6-30-79

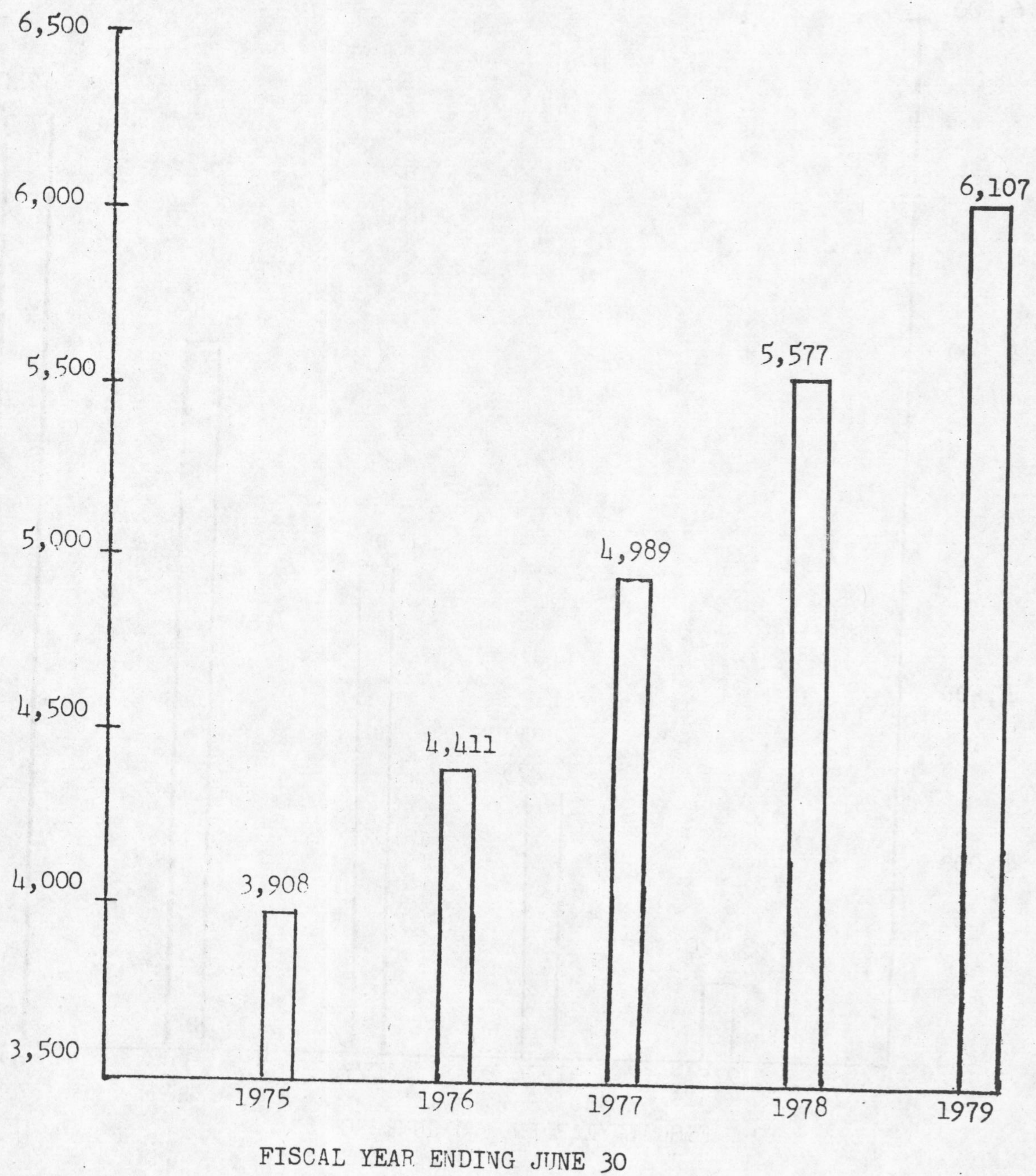
TYPE OF PENSIONS(CONTINUED)

<u>Age</u>	<u>Service</u>	<u>Disability</u>	<u>Beneficiaries</u>	<u>Total</u>
96	3	-	-	3
98	1	-	-	1
TOTAL	4598	749	893	6240
AVERAGE AGE	69.5	57.1	69.1	67.9



MALE RECIPIENTS ON PAYROLL  
AS OF JUNE 30th OF THE  
LAST 5 FISCAL YEARS

TABLE VII

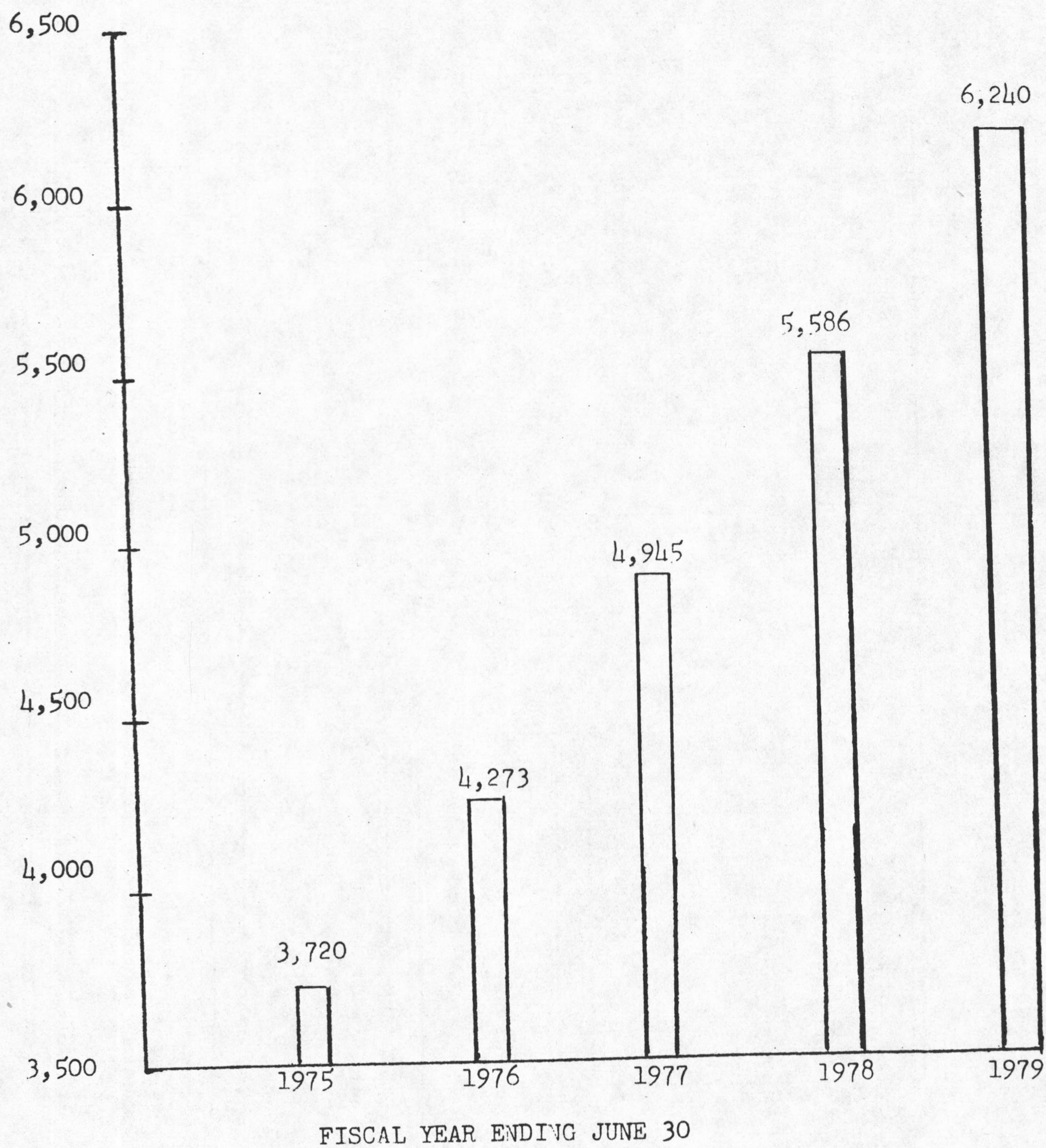




FEMALE RECIPIENTS ON PAYROLL

TABLE VIII

AS OF JUNE 30th OF THE  
LAST 5 FISCAL YEARS



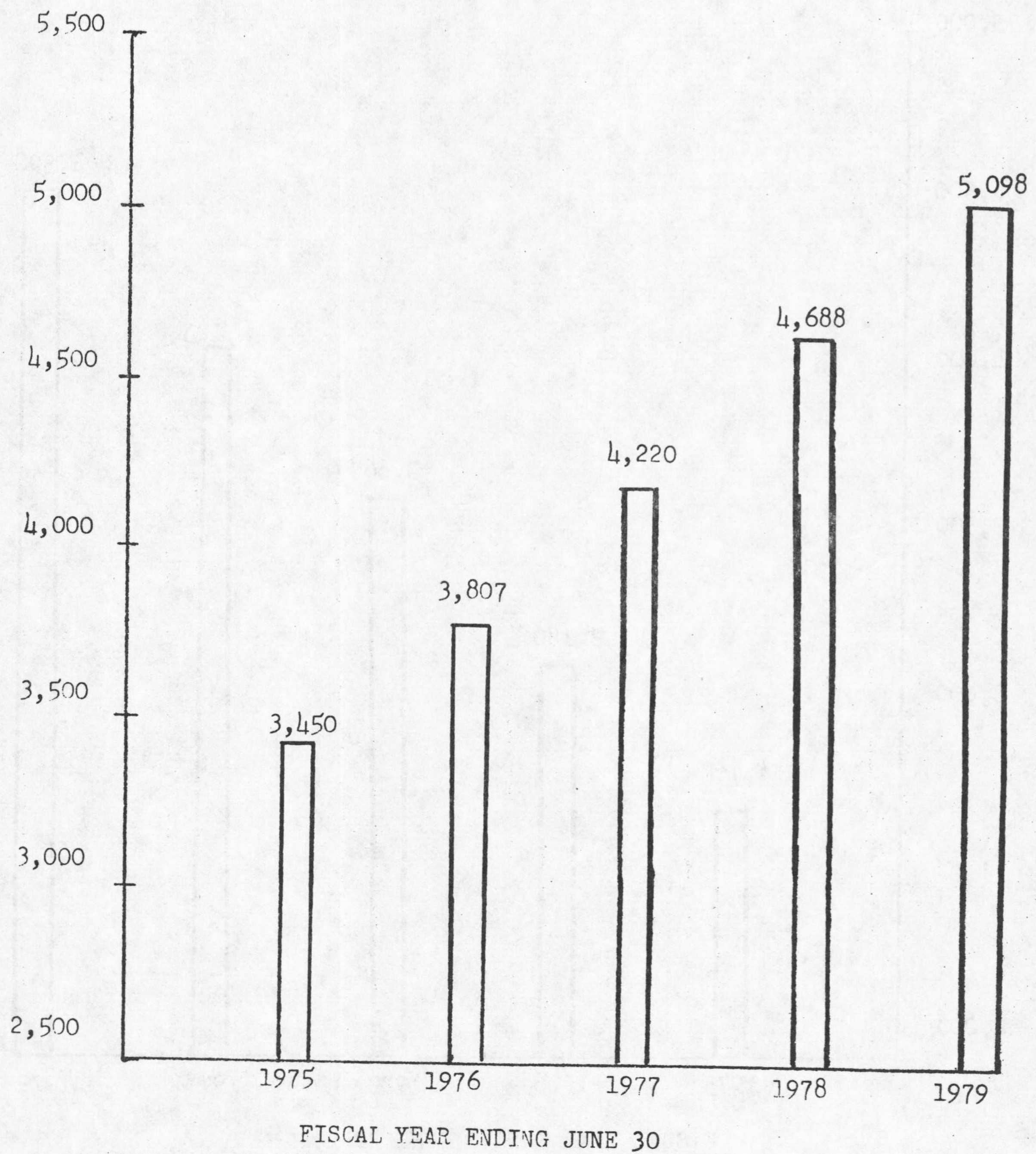


MALE SERVICE PENSIONERS ON PAYROLL

TABLE IX

AS OF JUNE 30th OF THE

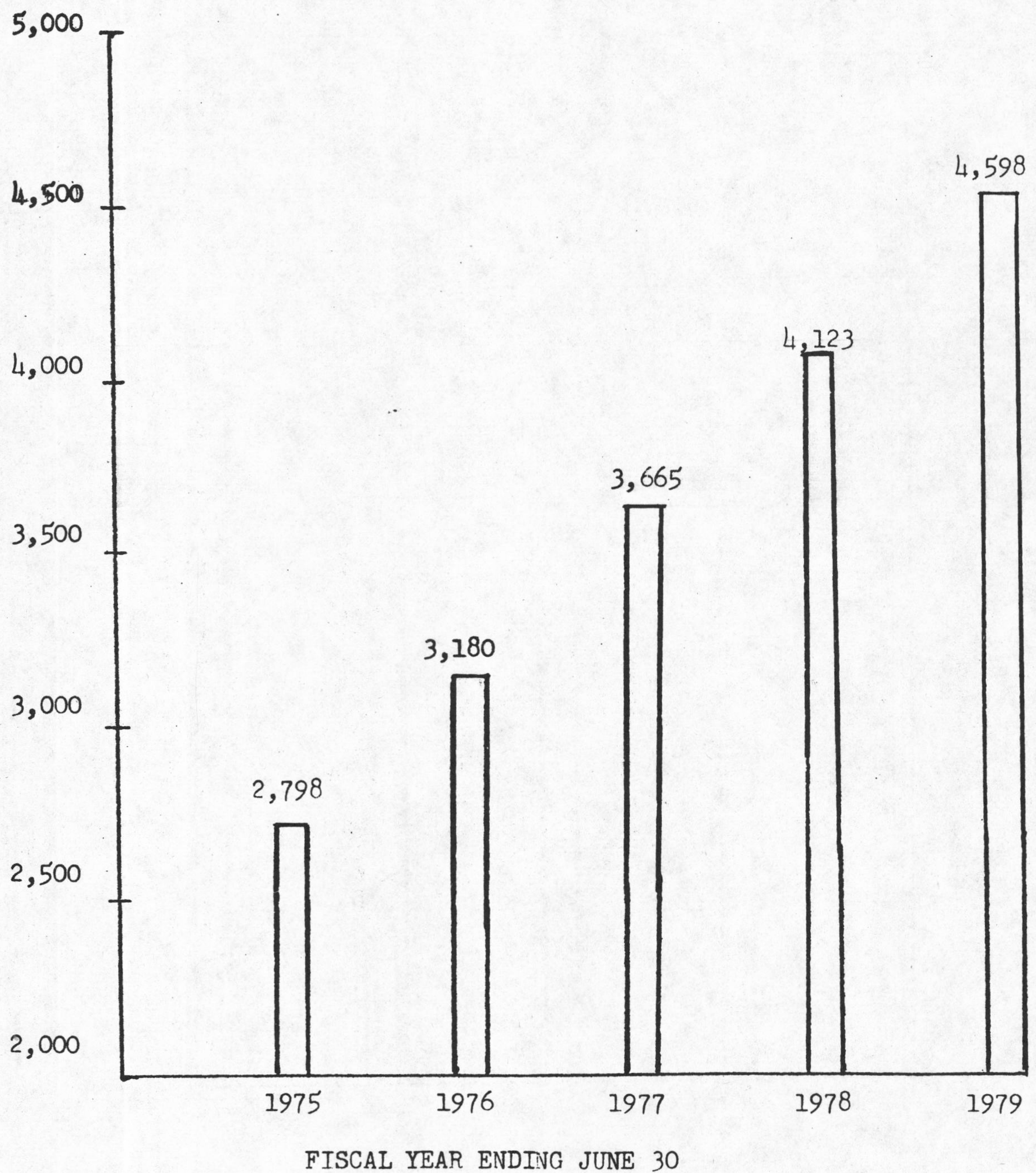
LAST 5 FISCAL YEARS





FEMALE SERVICE PENSIONERS ON PAYROLL  
AS OF JUNE 30th OF THE  
LAST 5 FISCAL YEARS

TABLE X



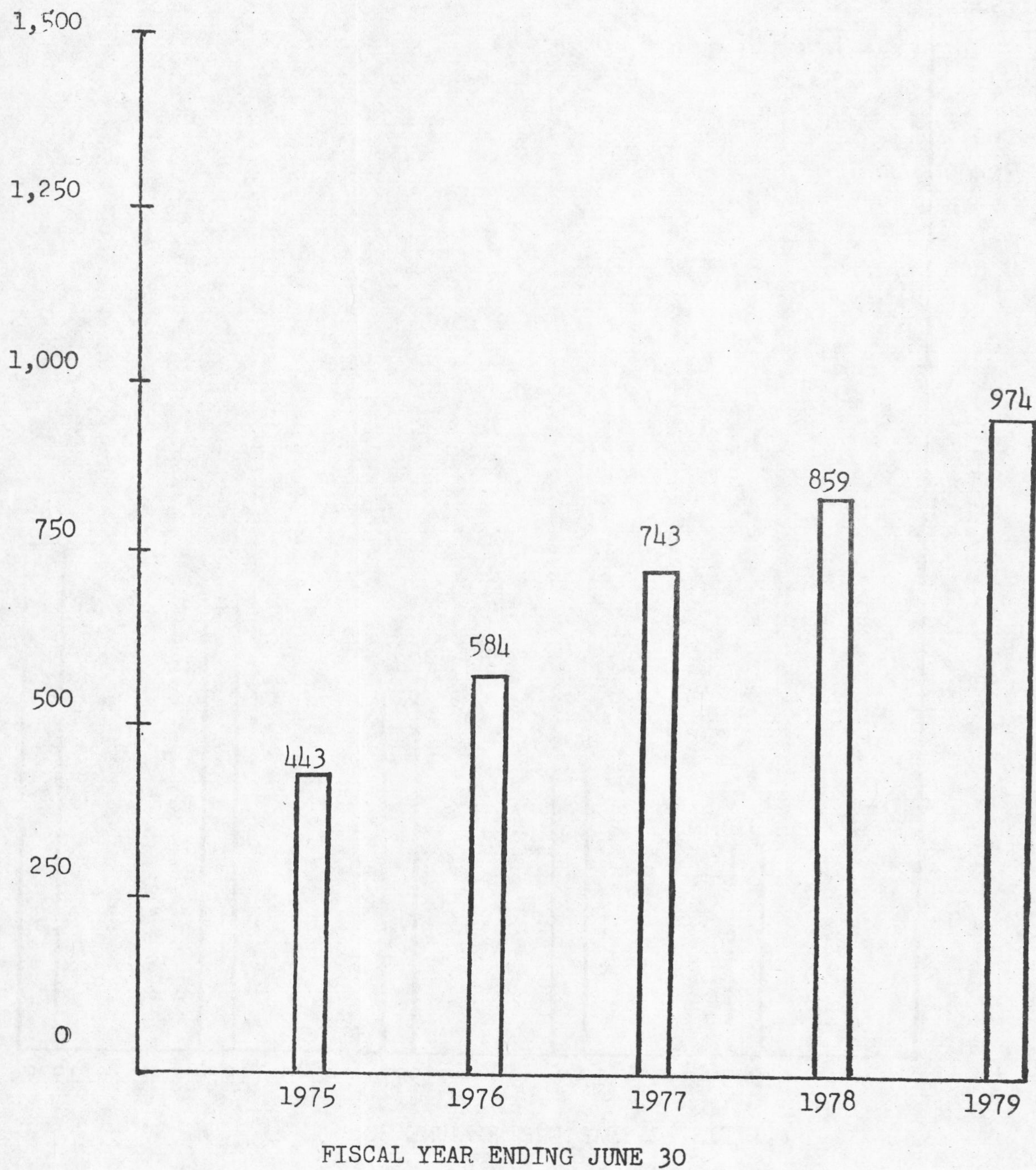


MALE DISABILITY PENSIONERS ON PAYROLL

TABLE XI

AS OF JUNE 30th OF THE

LAST 5 FISCAL YEARS

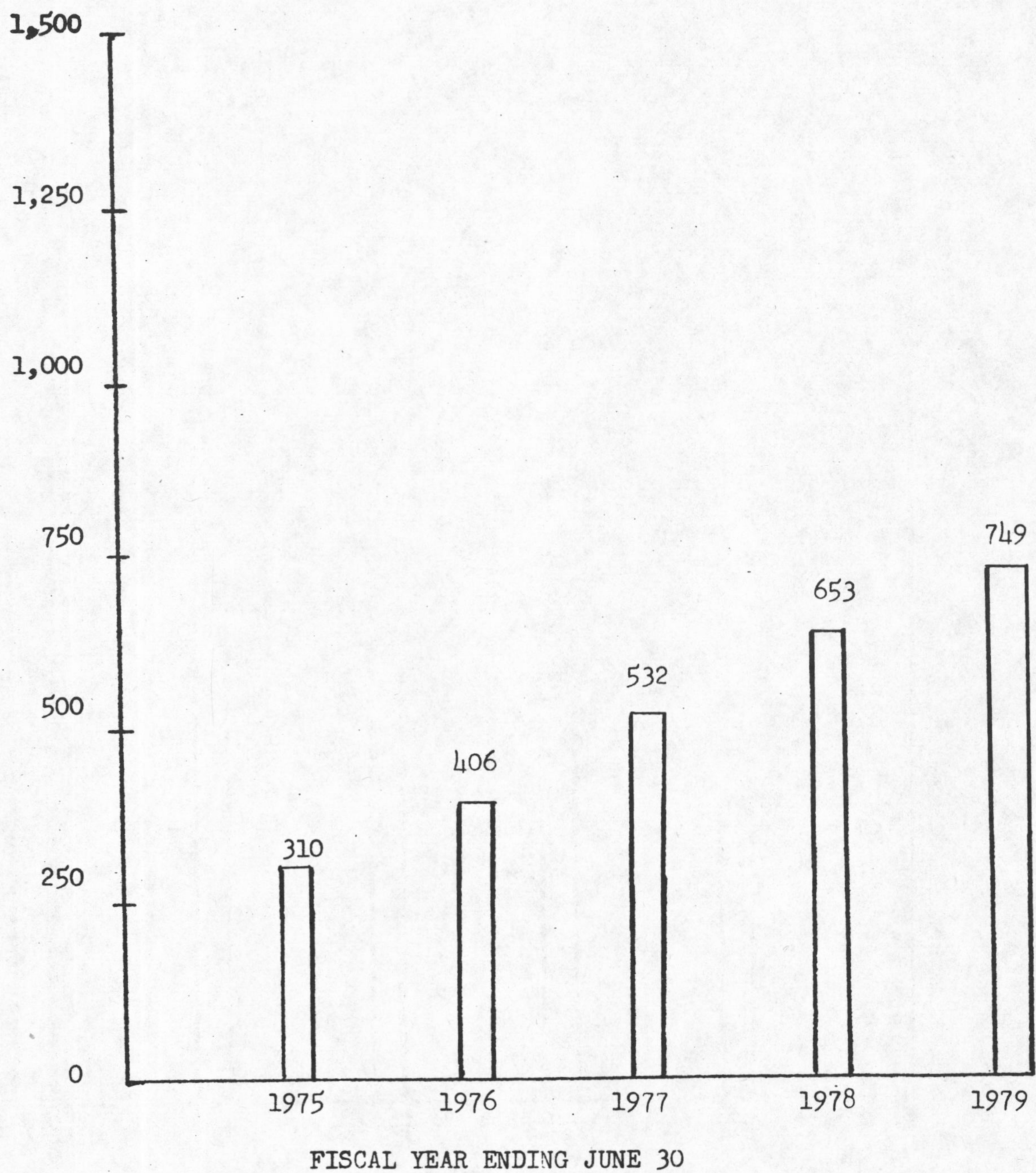




FEMALE DISABILITY PENSIONERS ON PAYROLL

TABLE XII

AS OF JUNE 30th OF THE  
LAST 5 FISCAL YEARS

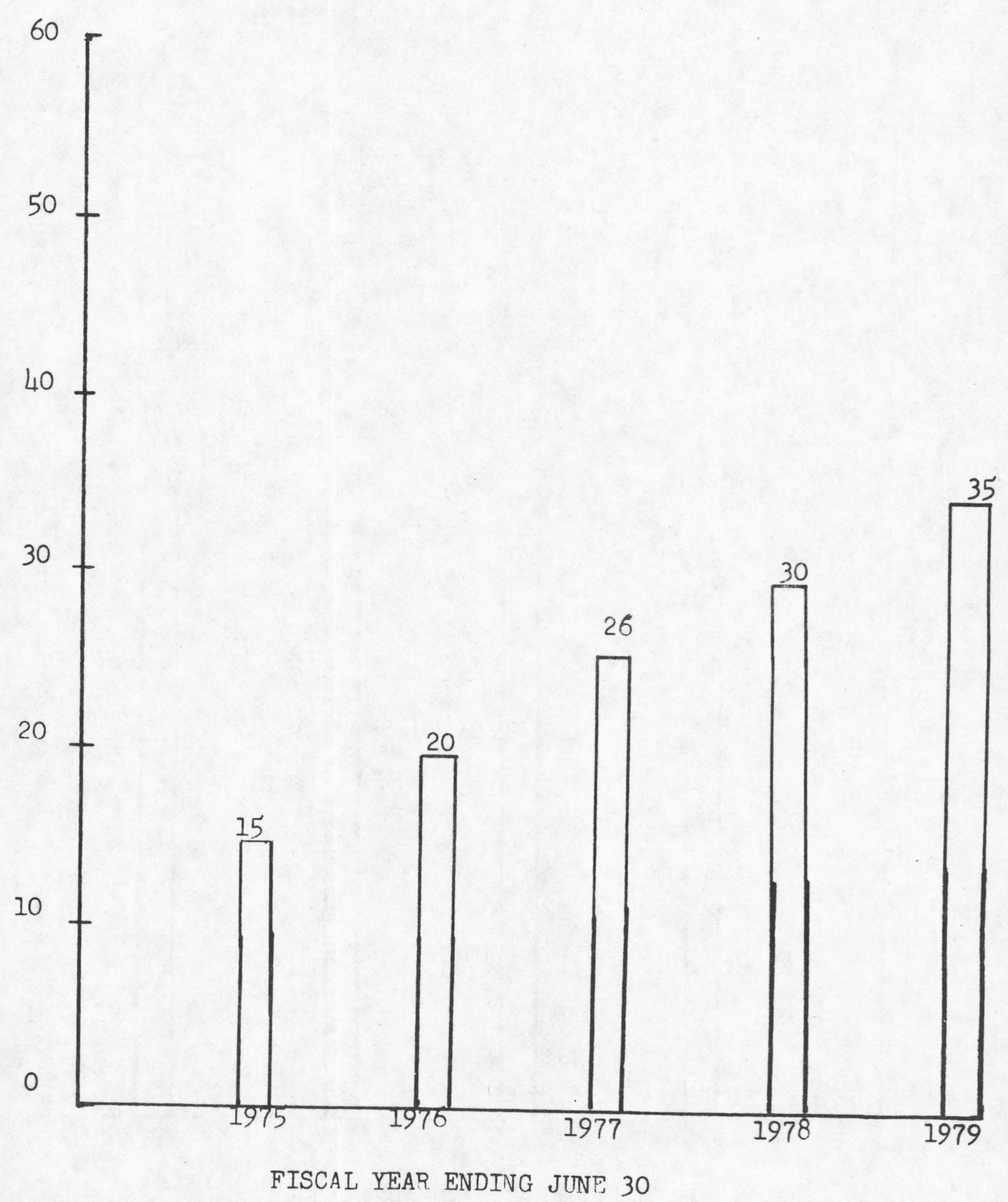




MALE BENEFICIARIES ON PAYROLL

TABLE XIII

AS OF JUNE 30th OF THE  
LAST 5 FISCAL YEARS





FEMALE BENEFICIARIES ON PAYROLL

TABLE XIV

AS OF JUNE 30th OF THE

LAST 5 FISCAL YEARS

